

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF WESTERN)	CASE NO. 9556-E
KENTUCKY GAS COMPANY)	

O R D E R

On October 31, 1986, the Commission issued its Order in Case No. 9556 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates on a quarterly basis in accordance with the provisions of the Gas Cost Adjustment ("GCA") Clause set forth therein.

On January 4, 1988, Western Kentucky Gas Company ("Western") filed its quarterly GCA which is to become effective February 1, 1988, and is to remain in effect until April 30, 1988.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Western's notice of January 4, 1988, set out certain revisions in rates which Western proposed to place into effect, said rates being designed to pass on the overall wholesale increase in gas costs from its suppliers in the amount of 8.39 cents per Mcf.

(2) Western's notice set out a total refund adjustment of 2.66 cents per Mcf, resulting from refunds from its suppliers in the amount of \$468,512, plus \$14,000 of interest.

(3) Western's notice set out an actual adjustment of 4.78 cents per Mcf to return previous overcollections to its customers.

(4) Because the actual adjustment has not been in effect for four quarters, there is no balance adjustment.

(5) Western proposed a GCA, or a decrease from its Base Cost of Gas Component, of 26.63 cents per Mcf. This decrease represents the combined effect of the supplier increase, the refund adjustment and the actual adjustment.

(6) Western's adjustments in rates under the provisions approved by the Commission in its Order in Case No. 9556, dated October 31, 1986, are fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after February 1, 1988.

(7) Given the changing market conditions in the natural gas industry and the increasing volumes of spot market purchases as opposed to purchases from traditional pipeline suppliers, the Commission will, now and in the future, require that each Class A Local Distribution Company file more comprehensive information as back-up for their actual adjustments. Therefore, Western should provide back-up information for all figures contained in Exhibit D, Pages 1 of 2 and 2 of 2.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after February 1, 1988.

(2) The GCA shall be (26.63) cents per Mcf effective with final meter readings on and after February 1, 1988.

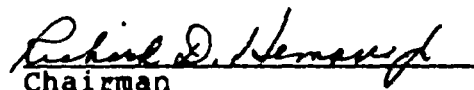
(3) Within 30 days of the date of this Order Western shall file with this Commission its revised tariffs setting out the rates authorized herein.

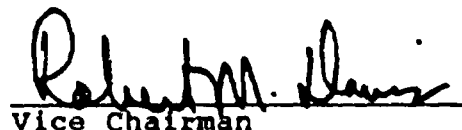
(4) Within 10 days of the date of this Order Western shall file the information requested herein.

(5) Western shall file the information requested herein in each future GCA filing.

Done at Frankfort, Kentucky, this 29th day of January, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9556-E DATED 1/29/88

The following rates and charges are prescribed for the customers in the area served by Western Kentucky Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

Applicable to: All Gas Rates Schedules

Gas Cost Adjustment

To each bill rendered under the above named rate schedules there shall be added an amount equal to: (\$.2663) per Mcf of gas used during the billing period.

The base rate for the future application of the purchased gas adjustment clause of Western Kentucky Gas Company shall be:

Texas Gas Transmission Corp.

	<u>Demand-1</u>	<u>Demand-2</u>	<u>Commodity</u>	<u>Gas Rate</u>
G-2	\$4.40	\$.1174	\$2.4042	-0-
G-3	4.67	.1293	2.4283	-0-
G-4	4.86	.1387	2.4456	-0-
Other Purchases			2.20	

Tennessee Gas Pipeline Co.

GS-2	-0-		.5526/Dth	1.9116/Dth
Other Purchases			2.30	
Local Producers	-0-		-0-	2.3312/Dth